HOUSE BILL No. 2045

DIGEST OF INTRODUCED BILL

Citations Affected: IC 16-19-3.5; IC 25-1; IC 27-2-20; IC 27-13-10-11.1.

Synopsis: Consumer grievance procedures. Requires the state department of health to establish and maintain internal entity and external state department grievance procedures for use by patients of entities licensed by the state department of health. Requires the health professions bureau to establish and maintain internal practitioner and external bureau grievance procedures for use by patients of licensed health practitioners. Requires entities and practitioners to post, and provide with notices to patients, the grievance procedure applicable to the entity or practitioner. Requires the department of insurance to establish and maintain internal insurer and external department grievance procedures for use by insureds of homeowner's, motor

(Continued next page)

Effective: July 1, 1999.

Fry

January 27, 1999, read first time and referred to Committee on Public Health.

Digest Continued

vehicle, life, and health insurers. Requires the department of insurance to establish and maintain an external grievance procedure providing for review of grievances appealed from a health maintenance organization with which the enrollee is not satisfied. Requires insurers and health maintenance organizations to provide the grievance procedure to insureds and enrollees. Provides timelines for the resolution of grievances. Provides for issuance of an order based on the determination of the external departmental grievance panel. Requires entities, practitioners, insurers, and health maintenance organizations to comply with the order. Provides a penalty for noncompliance.

Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 2045

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 16-19-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

Chapter 3.5. Grievance Procedures

Sec. 1. (a) As used in this section, "grievance" means a written or an oral expression of dissatisfaction expressed by or on behalf of a patient of an entity regarding the:

(1) availability, delivery, appropriateness, or quality of health care services; or

(2) handling of claims or billing for health care services;

and for which the patient has a reasonable expectation that action will be taken to resolve or reconsider the matter that is the subject of dissatisfaction.

(b) As used in this section, "grievance procedure" means a written procedure established and maintained for filing,

investigating, and resolving grievances.

Sec. 2. The state department shall establish, maintain, and provide to all regulated entities a grievance procedure for the resolution of grievances initiated by patients of a regulated entity.

Sec. 3. The grievance procedure established under section 2 of this chapter must specify:

(1) an internal grievance procedure to be conducted by the regulated entity; and

(2) an external grievance procedure for grievances to be appealed to the state department following exhaustion of the internal grievance procedure.

Sec. 4. A regulated entity shall maintain records regarding all grievances of patients that the regulated entity has received and annually submit a list of the grievances to the state department.

Sec. 5. (a) A regulated entity shall provide timely, adequate, and appropriate notice to each patient of the grievance procedure under this chapter.

(b) A regulated entity shall prominently display on all notices to patients the telephone number and address at which a grievance under section 3(1) or 3(2) of this chapter may be filed.

Sec. 6. (a) A regulated entity shall make available to patients a toll free telephone number through which grievances may be filed. The toll free number must:

(1) be staffed by a qualified representative of the regulated entity;

(2) be available for at least forty (40) normal business hours per week; and

(3) accept grievances in the languages of the major population groups served.

(b) The state department shall make available to patients a toll free telephone number through which external grievances may be filed. The toll free number must:

(1) be staffed by a qualified representative of the state department;

(2) be available for at least forty (40) normal business hours per week; and

(3) accept grievances in the languages of the major population groups served in Indiana.

(c) A grievance is considered to be filed on the first date it is received, either by telephone or in writing.

Sec. 7. (a) A regulated entity shall establish procedures to assist patients in filing grievances.

(b) A patient may designate a representative to file a grievance for the patient and to represent the patient in a grievance under this chapter.

Sec. 8. (a) The internal grievance procedure required under section 3(1) of this chapter must include written policies and procedures for the timely resolution of grievances filed under this chapter. The policies and procedures must include the following:

(1) An acknowledgment of the grievance, orally or in writing, to the patient within three (3) business days.

(2) Documentation of the substance of the grievance and any actions taken.

(3) An investigation of the substance of the grievance.

(4) Notification to the patient of the disposition of the grievance and the right to appeal.

(5) Standards for timeliness in responding to grievances and providing notice to patients of the disposition of the grievance and the right to appeal that accommodate the urgency of the situation.

(b) The regulated entity shall appoint at least one (1) individual to resolve the grievance.

(c) A grievance must be resolved as expeditiously as possible but not more than twenty (20) business days after the grievance is filed. If a regulated entity is unable to make a decision regarding the grievance within the twenty (20) day period due to circumstances beyond the regulated entity's control, the regulated entity shall:

(1) notify the patient in writing of the reason for the delay before the twentieth business day; and

(2) issue a written decision regarding the grievance within an additional ten (10) business days.

(d) A regulated entity shall notify the patient in writing of the resolution of the grievance within five (5) business days after completing the investigation. The grievance resolution notice must contain the following:

(1) The decision reached by the regulated entity.

(2) The reasons, policies, and procedures that are the basis of the decision.

(3) Notice of the patient's right to appeal the decision.

(4) The department, address, and telephone number through which a patient may contact a qualified representative to obtain more information about the decision or the right to appeal.

Sec. 9. (a) The internal grievance procedure required under

section 3(1) of this chapter must include written policies and procedures for the timely resolution of internal appeals of grievance decisions. The procedures for registering and responding to oral and written appeals of grievance decisions must include the following:

(1) Acknowledgment of the appeal, orally or in writing, within three (3) business days after receipt of the appeal being filed.

(2) Documentation of the substance of the appeal and the actions taken.

(3) Investigation of the substance of the appeal, including any aspects of clinical care involved.

(4) Notification to patients of the disposition of the appeal and that the patient may have the right to further remedies allowed by law.

(5) Standards for timeliness in responding to appeals and providing notice to patients of the disposition of the appeal and the right to initiate an external appeals process that accommodate the urgency of the situation.

(b) The regulated entity shall appoint a panel of qualified individuals to resolve an appeal. An individual may not be appointed to the panel who has been involved in the matter giving rise to the grievance or in the initial investigation of the grievance. The regulated entity shall appoint one (1) or more individuals to the panel to resolve the appeal. The panel must include one (1) or more individuals who:

(1) have knowledge regarding the issue giving rise to the grievance;

(2) are in the same profession as the provider of the service at issue;

(3) are not involved in the matter giving rise to the appeal or the previous grievance process; and

(4) do not have a direct business relationship with the patient or the provider of the service giving rise to the grievance.

(c) An appeal of a grievance decision must be resolved as expeditiously as possible and with regard to the urgency of the appeal. However, an appeal must be resolved not later than forty-five (45) days after the appeal is filed.

(d) The regulated entity shall allow patients the opportunity to appear in person at the panel or to communicate with the panel through other appropriate means if the patient is unable to appear in person.

(e) The regulated entity shall notify the patient in writing of the

resolution of the appeal of a grievance within five (5) business days after the investigation is completed. The grievance resolution notice must contain the following:

(1) The decision reached by the panel.

(2) The reasons, policies, or procedures that are the basis of the decision.

(3) Notice of the patient's right to an external appeal under section 3(2) of this chapter and to further remedies allowed by law.

(4) The department, address, and telephone number through which a patient may contact a qualified representative to obtain more information about the decision or the right to an appeal.

Sec. 10. A regulated entity may not take action against a provider solely on the basis that the provider represents a patient in a grievance filed under this chapter.

Sec. 11. (a) The external grievance procedure required under section 3(2) of this chapter must provide for external review by a review panel appointed by the commissioner.

(b) The review panel appointed under subsection (a) shall include:

(1) one (1) member of the public;

(2) one (1) member who is in the same profession as the provider of the service giving rise to the grievance; and

(3) the commissioner or the commissioner's designee.

(c) The review panel shall review information related to the grievance and shall make a determination within thirty (30) days of the date the external grievance was filed.

(d) The commissioner shall consider the review panel's determination and, after a hearing under IC 4-21.5, may issue an order reversing the regulated entity's grievance resolution under section 9(e) of this chapter.

(e) A regulated entity shall comply with an order issued under subsection (d).

Sec. 12. The commissioner shall impose a penalty of five hundred dollars ($500) for violation of this chapter.

Sec. 13. The state department shall, not later than June 30, 2000, adopt rules under IC 4-22-2 to implement this chapter.

SECTION 2. IC 25-1-5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) There is established the health professions bureau. The bureau shall perform all administrative functions, duties, and responsibilities assigned by law or rule to the

executive director, secretary, or other statutory administrator of the following:

(1) Board of chiropractic examiners (IC 25-10-1).
(2) State board of dental examiners (IC 25-14-1).
(3) Indiana state board of health facility administrators (IC 25-19-1).
(4) Medical licensing board of Indiana (IC 25-22.5-2).
(5) Indiana state board of nursing (IC 25-23-1).
(6) Indiana optometry board (IC 25-24).
(7) Indiana board of pharmacy (IC 25-26).
(8) Board of podiatric medicine (IC 25-29-2-1).
(9) Board of environmental health specialists (IC 25-32).
(10) Speech-language pathology and audiology board (IC 25-35.6-2).
(11) State psychology board (IC 25-33).
(12) Indiana board of veterinary medical examiners (IC 15-5-1.1).
(13) Controlled substances advisory committee (IC 35-48-2-1).
(14) Committee of hearing aid dealer examiners (IC 25-20).
(15) Indiana physical therapy committee (IC 25-27).
(16) Respiratory care committee (IC 25-34.5).
(17) Occupational therapy committee (IC 25-23.5).
(18) Social worker, marriage and family therapist, and mental health counselor board (IC 25-23.6).
(19) Physician assistant committee (IC 25-27.5).
(20) Indiana athletic trainers board (IC 25-5.1-2-1).
(21) Indiana dietitians certification board (IC 25-14.5-2-1).
(22) Indiana hypnotist committee (IC 25-20.5-1-7).

(b) Nothing in this chapter may be construed to give the bureau policy making authority, which authority remains with each board, **except as provided in IC 25-1-5.1.**

SECTION 3. IC 25-1-5.1 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

Chapter 5.1. Grievance Procedures

Sec. 1. (a) As used in this chapter, "board" has the meaning set forth in IC 25-1-5-2.

(b) As used in this chapter, "bureau" has the meaning set forth in IC 25-1-5-2.

(c) As used in this section, "grievance" means a written or oral expression of dissatisfaction expressed by or on behalf of a patient of a practitioner regarding the:

(1) availability, delivery, appropriateness, or quality of health

care services; or

(2) handling of claims or billing for health care services;

and for which the patient has a reasonable expectation that action will be taken to resolve or reconsider the matter that is the subject of dissatisfaction.

(d) As used in this section, "grievance procedure" means a written procedure established and maintained for filing, investigating, and resolving grievances.

(e) As used in this section, "license" includes a license, certificate, registration, or permit.

(f) As used in this section, "practitioner" means an individual who holds:

(1) an unlimited license, certificate, or registration;

(2) a limited or probationary license, certificate, or registration;

(3) a temporary license, certificate, registration, or permit;

(4) an intern permit; or

(5) a provisional license;

issued by a board, including a certificate of registration issued under IC 25-20.

Sec. 2. The bureau shall establish, maintain, and provide to all practitioners a grievance procedure for the resolution of grievances initiated by patients of a practitioner.

Sec. 3. The grievance procedure established under section 2 of this chapter must specify:

(1) an internal grievance procedure to be conducted by the practitioner; and

(2) an external grievance procedure for grievances to be appealed to the bureau following exhaustion of the internal grievance procedure.

Sec. 4. A practitioner shall maintain records regarding all grievances of patients that the practitioner has received and annually submit a list of the grievances to the board that issued the practitioner's license.

Sec. 5. (a) A practitioner shall provide timely, adequate, and appropriate notice to each patient of the grievance procedure under this chapter.

(b) A practitioner shall prominently display on all notices to patients the telephone number and address at which a grievance under section 3(1) or 3(2) of this chapter may be filed.

Sec. 6. (a) A practitioner shall make available to patients a toll free telephone number through which grievances may be filed. The

toll free number must:

(1) be staffed by a qualified representative of the practitioner;

(2) be available for at least forty (40) normal business hours per week; and

(3) accept grievances in the languages of the major population groups served.

(b) The bureau shall make available to patients a toll free telephone number through which external grievances may be filed. The toll free number must:

(1) be staffed by a qualified representative of the bureau;

(2) be available for at least forty (40) normal business hours per week; and

(3) accept grievances in the languages of the major population groups served in Indiana.

(c) A grievance is considered to be filed on the first date it is received, either by telephone or in writing.

Sec. 7. (a) A practitioner shall establish procedures to assist patients in filing grievances.

(b) A patient may designate a representative to file a grievance for the patient and to represent the patient in a grievance under this chapter.

Sec. 8. (a) The internal grievance procedure required under section 3(1) of this chapter must include written policies and procedures for the timely resolution of grievances filed under this chapter. The policies and procedures must include the following:

(1) An acknowledgment of the grievance, orally or in writing, to the patient within three (3) business days.

(2) Documentation of the substance of the grievance and any actions taken.

(3) An investigation of the substance of the grievance.

(4) Notification to the patient of the disposition of the grievance and the right to appeal.

(5) Standards for timeliness in responding to grievances and providing notice to patients of the disposition of the grievance and the right to appeal that accommodate the urgency of the situation.

(b) The practitioner shall appoint at least one (1) individual to resolve the grievance.

(c) A grievance must be resolved as expeditiously as possible, but not more than twenty (20) business days after the grievance is filed. If a practitioner is unable to make a decision regarding the grievance within the twenty (20) day period due to circumstances

beyond the practitioner's control, the practitioner shall:

(1) notify the patient in writing of the reason for the delay before the twentieth business day; and

(2) issue a written decision regarding the grievance within an additional ten (10) business days.

(d) A practitioner shall notify the patient in writing of the resolution of the grievance within five (5) business days after completing the investigation. The grievance resolution notice must contain the following:

(1) The decision reached by the practitioner.

(2) The reasons, policies, and procedures that are the basis of the decision.

(3) Notice of the patient's right to appeal the decision.

(4) The department, address, and telephone number through which a patient may contact a qualified representative to obtain more information about the decision or the right to appeal.

Sec. 9. (a) The internal grievance procedure required under section 3(1) of this chapter must include written policies and procedures for the timely resolution of internal appeals of grievance decisions. The procedures for registering and responding to oral and written appeals of grievance decisions must include the following:

(1) Acknowledgment of the appeal, orally or in writing, within three (3) business days after receipt of the appeal being filed.

(2) Documentation of the substance of the appeal and the actions taken.

(3) Investigation of the substance of the appeal, including any aspects of clinical care involved.

(4) Notification to patients of the disposition of the appeal and that the patient may have the right to further remedies allowed by law.

(5) Standards for timeliness in responding to appeals and providing notice to patients of the disposition of the appeal and the right to initiate an external appeals process that accommodates the urgency of the situation.

(b) The practitioner shall appoint a panel of qualified individuals to resolve an appeal. An individual may not be appointed to the panel who has been involved in the matter giving rise to the grievance or in the initial investigation of the grievance. The practitioner shall appoint one (1) or more individuals to the panel to resolve the appeal. The panel must include one (1) or more

individuals who:

(1) have knowledge regarding the issue giving rise to the grievance;

(2) are in the same profession as the provider of the service at issue;

(3) are not involved in the matter giving rise to the appeal or the previous grievance process; and

(4) do not have a direct business relationship with the patient or the provider of the service giving rise to the grievance.

(c) An appeal of a grievance decision must be resolved as expeditiously as possible and with regard to the urgency of the appeal. However, an appeal must be resolved not later than forty-five (45) days after the appeal is filed.

(d) The practitioner shall allow patients the opportunity to appear in person at the panel or to communicate with the panel through appropriate other means if the patient is unable to appear in person.

(e) The practitioner shall notify the patient in writing of the resolution of the appeal of a grievance within five (5) business days after the investigation is completed. The grievance resolution notice must contain the following:

(1) The decision reached by the panel.

(2) The reasons, policies, or procedures that are the basis of the decision.

(3) Notice of the patient's right to an external appeal under section 3(2) of this chapter and to further remedies allowed by law.

(4) The department, address, and telephone number through which a patient may contact a qualified representative to obtain more information about the decision or the right to an appeal.

Sec. 10. (a) The external grievance procedure required under section 3(2) of this chapter must provide for external review by a review panel appointed by the executive director.

(b) The review panel appointed under subsection (a) must include:

(1) one (1) member of the public;

(2) one (1) member who is in the same profession as the provider of the service giving rise to the grievance; and

(3) the executive director or the executive director's designee.

(c) The review panel shall review information related to the grievance and shall make a determination within thirty (30) days

of the date the external grievance was filed.

(d) The executive director shall consider the review panel's determination and, after a hearing under IC 4-21.5, may issue an order reversing the practitioner's grievance resolution under section 9(e) of this chapter.

(e) A practitioner shall comply with an order issued under subsection (d).

Sec. 11. The bureau shall impose a penalty of five hundred dollars ($500) for violation of this chapter.

Sec. 12. The bureau shall, not later than June 30, 2000, adopt rules under IC 4-22-2 to implement this chapter.

SECTION 4. IC 27-2-20 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]:

Chapter 20. Insurer Grievance Procedures

Sec. 1. This chapter applies to every insurer that issues a policy of insurance described in class 1(a), class 1(b), class 2(a), class 2(f), or class 3(a) of IC 27-1-5-1, whether written on an individual basis, a group basis, a franchise basis, a blanket basis, or under a preferred provider plan (as defined in IC 27-8-11-1).

Sec. 2. As used in this chapter, "grievance" means a written or an oral expression of dissatisfaction expressed by or on behalf of an insured regarding the:

(1) availability, delivery, appropriateness, or quality of services;

(2) handling or payment of claims for services; or

(3) matters pertaining to the contractual relationship between an insured and the insurer;

and for which the insured has a reasonable expectation that action will be taken to resolve or reconsider the matter that is the subject of dissatisfaction.

Sec. 3. As used in this chapter, "grievance procedure" means a written procedure established and maintained for filing, investigating, and resolving grievances and appeals of grievance decisions.

Sec. 4. As used in this chapter, "insured" means an individual entitled to coverage under an insurance policy issued by an insurer described in section 1 of this chapter.

Sec. 5. The department shall establish, maintain, and provide to all insurers a grievance procedure for the resolution of grievances initiated by insureds of an insurer.

Sec. 6. The grievance procedure established under section 5 of

this chapter must specify:

(1) an internal grievance procedure to be conducted by the insurer; and

(2) an external grievance procedure for grievances to be appealed to the department following exhaustion of the internal grievance procedure.

Sec. 7. An insurer shall maintain records regarding all grievances of insureds that the insurer has received and annually submit a list of the grievances to the department.

Sec. 8. (a) An insurer shall provide timely, adequate, and appropriate notice to each insured of the grievance procedure under this chapter.

(b) An insurer shall prominently display on all notices to insureds the telephone number and address at which a grievance under section 6(1) or 6(2) of this chapter may be filed.

Sec. 9. (a) An insurer shall make available to insureds a toll free telephone number through which grievances may be filed. The toll free number must:

(1) be staffed by a qualified representative of the insurer;

(2) be available for at least forty (40) normal business hours per week; and

(3) accept grievances in the languages of the major population groups served.

(b) The department shall make available to insureds a toll free telephone number through which external grievances may be filed. The toll free number must:

(1) be staffed by a qualified representative of the department;

(2) be available for at least forty (40) normal business hours per week; and

(3) accept grievances in the languages of the major population groups served in Indiana.

(c) A grievance is considered to be filed on the first date it is received, either by telephone or in writing.

Sec. 10. (a) An insurer shall establish procedures to assist insureds in filing grievances.

(b) An insured may designate a representative to file a grievance for the insured and to represent the insured in a grievance under this chapter.

Sec. 11. (a) The internal grievance procedure required under section 6(1) of this chapter must include written policies and procedures for the timely resolution of grievances filed under this chapter. The policies and procedures must include the following:

(1) An acknowledgment of the grievance, orally or in writing, to the insured within three (3) business days.

(2) Documentation of the substance of the grievance and any actions taken.

(3) An investigation of the substance of the grievance.

(4) Notification to the insured of the disposition of the grievance and the right to appeal.

(5) Standards for timeliness in responding to grievances and providing notice to insureds of the disposition of the grievance and the right to appeal that accommodate the urgency of the situation.

(b) The insurer shall appoint at least one (1) individual to resolve the grievance.

(c) A grievance must be resolved as expeditiously as possible but not more than twenty (20) business days after the grievance is filed. If an insurer is unable to make a decision regarding the grievance within the twenty (20) day period due to circumstances beyond the insurer's control, the insurer shall:

(1) notify the insured in writing of the reason for the delay before the twentieth business day; and

(2) issue a written decision regarding the grievance within an additional ten (10) business days.

(d) An insurer shall notify the insured in writing of the resolution of the grievance within five (5) business days after completing the investigation. The grievance resolution notice must contain the following:

(1) The decision reached by the insurer.

(2) The reasons, policies, and procedures that are the basis of the decision.

(3) Notice of the insured's right to appeal the decision.

(4) The department, address, and telephone number through which an insured may contact a qualified representative to obtain more information about the decision or the right to appeal.

Sec. 12. (a) The internal grievance procedure required under section 6(1) of this chapter must include written policies and procedures for the timely resolution of internal appeals of grievance decisions. The procedures for registering and responding to oral and written appeals of grievance decisions must include the following:

(1) Acknowledgment of the appeal, orally or in writing, within three (3) business days after receipt of the appeal being filed.

(2) Documentation of the substance of the appeal and the actions taken.

(3) Investigation of the substance of the appeal, including any aspects of clinical care involved.

(4) Notification to insureds of the disposition of the appeal and that the insured may have the right to further remedies allowed by law.

(5) Standards for timeliness in responding to appeals and providing notice to insureds of the disposition of the appeal and the right to initiate an external appeals process that accommodate the urgency of the situation.

(b) The insurer shall appoint a panel of qualified individuals to resolve an appeal. An individual may not be appointed to the panel who has been involved in the matter giving rise to the grievance or in the initial investigation of the grievance. The insurer shall appoint one (1) or more individuals to the panel to resolve the appeal. The panel must include one (1) or more individuals who:

(1) have knowledge regarding the issue giving rise to the grievance;

(2) are in the same profession as the provider of the service at issue;

(3) are not involved in the matter giving rise to the appeal or the previous grievance process; and

(4) do not have a direct business relationship with the insured or the provider of the service giving rise to the grievance.

(c) An appeal of a grievance decision must be resolved as expeditiously as possible and with regard to the urgency of the appeal. However, an appeal must be resolved not later than forty-five (45) days after the appeal is filed.

(d) The insurer shall allow insureds the opportunity to appear in person at the panel or to communicate with the panel through appropriate other means if the insured is unable to appear in person.

(e) The insurer shall notify the insured in writing of the resolution of the appeal of a grievance within five (5) business days after the investigation is completed. The grievance resolution notice must contain the following:

(1) The decision reached by the panel.

(2) The reasons, policies, or procedures that are the basis of the decision.

(3) Notice of the insured's right to an external appeal under section 6(2) of this chapter and to further remedies allowed by

law.

(4) The department, address, and telephone number through which an insured may contact a qualified representative to obtain more information about the decision or the right to an appeal.

Sec. 13. An insurer may not take action against a provider solely on the basis that the provider represents an insured in a grievance filed under this chapter.

Sec. 14. (a) The external grievance procedure required under section 6(2) of this chapter must provide for external review by a review panel appointed by the commissioner.

(b) The review panel appointed under subsection (a) shall include:

(1) one (1) member of the public;

(2) one (1) member who is in the same profession as the provider of the service giving rise to the grievance; and

(3) the commissioner or the commissioner's designee.

(c) The review panel shall review information related to the grievance and shall make a determination within thirty (30) days of the date the external grievance was filed.

(d) The commissioner shall consider the review panel's determination and, after a hearing under IC 4-21.5, may issue an order reversing the insurer's grievance resolution under section 12(e) of this chapter.

(e) An insurer shall comply with an order issued under subsection (d).

Sec. 15. The commissioner shall impose a penalty of five hundred dollars ($500) for violation of this chapter.

Sec. 16. The department shall, not later than June 30, 2000, adopt rules under IC 4-22-2 to implement this chapter.

SECTION 5. IC 27-13-10-11.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 11.1. (a) The department shall establish and maintain an external grievance procedure for the resolution of grievances filed with the department by enrollees following exhaustion of a health maintenance organization's internal grievance procedure established under this chapter.**

(b) The external grievance procedure established under subsection (a) must provide for appeal to a review panel appointed by the commissioner.

(c) The review panel appointed under subsection (b) shall include:

(1) one (1) member of the public;

(2) one (1) member who is a physician licensed under IC 25-22.5; and

(3) the commissioner or the commissioner's designee.

(d) The review panel shall review information related to the grievance and shall make a determination within thirty (30) days of the date the external grievance was filed.

(e) The commissioner shall consider the review panel's determination and, after a hearing under IC 4-21.5, may issue an order reversing the health maintenance organization's grievance resolution under section 8 of this chapter.

(f) A health maintenance organization shall provide to each enrollee a copy of the department's grievance procedure established under subsection (a).

(g) A health maintenance organization shall comply with this section.

(h) The commissioner shall impose a penalty of five hundred dollars ($500) for violation of this section.

(i) The department shall, not later than June 30, 2000, adopt rules under IC 4-22-2 to implement this section.